

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of California-American Water Company (U2100) for an order authorizing it to increase its rates for water service in its Larkfield District to increase revenues by \$494.1 or 26.16% in the year 2005, by \$183.4 or 7.63% in the year 2006 and by \$61.9 or 2.39% in the year 2007.

A.04-04-041

PROTEST OF THE OFFICE OF RATEPAYER ADVOCATES TO THE APPLICATION OF CALIFORNIA-AMERICAN WATER COMPANY FOR AUTHORITY TO INCREASE RATES IN ITS LARKFIELD DISTRICT

Pursuant to Rules 6(a)(2) and 44.1 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Office of Ratepayer Advocates (“ORA”) files this protest to Application (“A.”) 04-04-041 of California-American Water Company (“Cal-Am”) for authority to increase its rates for water service in its Larkfield District.

While ORA has not completed its review of Cal-Am’s application, ORA has identified several issues that it intends to review and address in evidentiary hearings. Those issues include, among other things, the size of Cal-Am’s requested rate increase, its requested cost of capital, its forecast of sales and operating revenue, its estimated expenses, and its proposed additions to plant.

During ORA’s preliminary review of Cal-Am’s application, ORA has discovered that the numbers in Cal-Am’s application do not reconcile to its 2002 annual report filed with the Commission. For example, Schedule B-2, Operating Expenses, in Cal-Am’s

2002 annual report shows a balance of \$14,721 in account 703, Miscellaneous Expenses. However, the account balance shown in Cal-Am's application for this same account is zero. The same statement in Cal-Am's 2002 annual report shows an account balance of \$6,517 for Account 731, Maintenance of Power Production Equipment while Cal Am's application again shows a balance of zero for this account. The Commission should order Cal-Am to reconcile its annual report to their application and to provide this reconciliation to ORA no later than June 21, 2004.

ORA agrees with Cal-Am's proposed categorization of this proceeding as ratesetting and agrees that hearings will be necessary to resolve these and other issues raised in Cal-Am's application. Accordingly, ORA requests that the Commission hold a prehearing conference to set a date for a public participation hearings and to establish a schedule for the remainder of the proceeding.

ORA requests that the Commission consolidate this application with Cal-Am's Application 04-04- 040 for its Sacramento District. ORA notes that Cal-Am filed both the Sacramento and Larkfield district general rate case ("GRC") applications 91 days after it filed its Notice of Intent ("NOI"). The rate case plan adopted by the Commission in decision ("D.") 90-08-003 anticipates that utilities will file their rate cases 40 days after filing their NOI. This 51-day filing delay by Cal-Am has affected ORA staffing for this case. Some staff working on this proceeding are also working on Cal-Am GRC applications filed in March 2004 or will be working on a rate case scheduled to be filed shortly. The schedules of these other proceedings and work associated with them need to be considered in setting the schedule for this proceeding because the conflict was caused by the delay in Cal-Am's filing. ORA proposes a schedule that takes these conflicts into consideration. The proposed schedule also provides Cal Am an opportunity to file rebuttal testimony, gives parties time to discuss settlement prior to hearings, and allows for reply briefs. ORA has used the schedule proposed in the May 26, 2004 revised draft decision in Rulemaking 03-09-005, the Commission Rulemaking to Revise the General Rate Case Plan for Class A Water Companies, as guidance in setting the schedule after the issuance of staff's testimony.

ORA testimony issued	September 20, 2004
Cal-Am issues rebuttal testimony	October 5, 2004
Settlement discussions	October 11, 2004
Hearings	October 25-29, 2004
Opening Briefs	November 18, 2004
Reply Briefs	November 29, 2004

ORA notes that the schedule proposed would not result in a final Commission decision by year-end. However, as discussed above, the delay is attributable to Cal-Am filing its application 91 days after tending its NOI. Cal-Am states in its application it will file a separate motion requesting interim rates if it becomes clear that the Commission will not issue a final decision by year end. ORA will address Cal-Am's request for interim rates in detail if Cal-Am files such motion.

Respectfully submitted,

/s/ MONICA McCRARY

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June 7, 2004

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document **PROTEST OF THE OFFICE OF RATEPAYER ADVOCATES TO THE APPLICATION OF CALIFORNIA-AMERICAN WATER COMPANY FOR AUTHORITY TO INCREASE RATES IN ITS LARKFIELD DISTRICT** in **A.04-04-041**

A copy was served as follows:

[X] **BY E-MAIL:** I sent a true copy via e-mail to all known parties of record who have provided e-mail addresses.

[X] **BY MAIL:** I sent a true copy via first-class mail to all known parties of record.

Executed in San Francisco, California, on the 7th day of June, 2004.

/s/ ALBERT HILL

Albert Hill